

## Message Text

CONFIDENTIAL

PAGE 01 LIMA 02017 072308Z

ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06

COME-00 EB-08 LAB-04 SIL-01 AID-05 HA-05 /086 W

-----009400 072347Z /72-61

P R 072225Z MAR 78

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 9040

INFO AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

C O N F I D E N T I A L LIMA 2017

E.O. 11652: GDS

TAGS: PINT, ELAB, PE

SUBJECT: AFTERMATH OF FEB 27-28 STRIKE

REF: (A) LIMA 1830, (B) LIMA 1803, (C) LIMA 1756, (D) LIMA 1669

SUMMARY: THE FEBRUARY 27-28 STRIKE HAD NEITHER THE POLITICAL NOR ECONOMIC IMPACT OF THE JULY, 1977 PROTESTS. IT DID PRODUCE CLEAVAGES WITHIN THE MILITARY GOVERNMENT. BUT PRESIDENT MORALES BERMUDEZ SUCCESSFULLY INSISTED ON A RESTRAINED AND LOW-KEY RESPONSE. WE BELIEVE HE STRENGTHENED HIS POSITION. THE POLITICAL LEFT, ON THE OTHER HAND, WAS PROBABLY WEAKENED FOR AT LEAST THE TIME BEING. HOWEVER, PERU'S PRECARIOUS ECONOMIC AND FINANCIAL CONDITION REMAINS AND LABOR UNREST CAN BE EXPECTED TO CONTINUE. END SUMMARY.

1. OBSERVERS FROM ACROSS THE POLITICAL SPECTRUM AGREE THAT THE STRIKE DID NOT CAUSE THE PARALYSIS OF TRANSPORTATION, BUSINESS AND INDUSTRY IN THE LIMA-CALLAO AREA THAT THE JULY 19, 1977 STRIKE HAD PRODUCED. ON THE NATIONAL ECONOMIC SIDE, FOR EXAMPLE, PERU'S MINING INDUSTRY, SUGAR INDUSTRY AND PORTS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LIMA 02017 072308Z

OPERATED NORMALLY. MANY LIGHT INDUSTRIES IN THE LIMA-CALLAO AREA MANAGED TO OPEN AND FUNCTION, USUALLY WITH A REDUCED STAFF. AS EMBASSY NOTED REFTELS, THE BANKWORKERS FEDERATION OBSERVED THE STRIKE MORE FAITHFULLY THAN OTHER LABOR ORGANIZATIONS AND MANAGED TO REDUCE BANKING OPERATIONS, IN MANY CASES CLOSING PRIVATE BANKS. THE GOVERNMENT, BY A COMBINATION OF PROMISES AND MENACES, PERSUADED THE PRIVATE TRANSPORTATION

SECTOR TO RUN MANY OF ITS BUSES AND TAXIS AND PUBLICALLY OWNED BUSES USUALLY CIRCULATED ON SCHEDULE. THE MINISTRY OF LABOR, WHICH IS ANALYZING THE STRIKE'S EFFECTS, HAS NOT YET ASSEMBLED ALL THE DATA NEEDED FOR A RELIABLE ESTIMATE OF THE COST OF THE STRIKE. HOWEVER, LABOR OFFICIALS AGREE THAT THE ECONOMIC EFFECTS WILL BE FAR LESS THAN THOSE OF LAST JULY.

2. AFTER ADMITTING THE STRIKE'S ECONOMIC IMPACT WAS LESS THAN THAT OF JULY, OBSERVERS DIVIDE ALONG IDEOLOGICAL LINES WITH THE GOP AND NON-COMMUNISTS CLAIMING THE STRIKE WAS A FAILURE POLITICALLY AND THE LEFT INSISTING IT WAS A SUCCESS. BOTH THE ULTRA-LEFT CUL AND THE MOSCOW-LINE LABOR FEDERATION, CGTP, PUBLISHED "VICTORY DECLARATIONS" AND WITHOUT SPECIFYING HOW, INSISTED THAT THE PROTEST HELPED THE FIRED WORKERS AND THE ECONOMICALLY DISADVANTAGED. THE LEFTIST MAGAZINE, MARKA, SPEAKING FOR CUL, CLAIMED THAT INDUSTRIES IN THE LIMA AREA WERE SHUT DOWN ONE HUNDRED PERCENT. MARKA ADDED THAT THE UNIFIED EFFORTS OF CUL AND CGTP, PARTICULARLY AFTER THE RECENT DIVISION, SHOWED THAT JOINT ACTION BY THE LEFT WAS POSSIBLE AND EFFECTIVE.

3. THE MOSCOW-LINE COMMUNIST PAPER, UNIDAD, WAS MORE CIRCUMSPECT IN ITS CLAIMS OF "VICTORY". UNIDAD NOTED THAT SOME UNIONS BELONGING TO THE CGTP (FOR EXAMPLE CENTROMIN) HAD NOT REPEAT NOT OBEYED THE STRIKE CALL. UNIDAD ALSO NOTED THE CONFUSION AND DIVIDED OPINION AMONG THE TRANSPORT WORKERS. THE COMMUNIST PAPER INSISTED THAT THE CGTP HAD SHOWN THAT IT

CONFIDENTIAL

PAGE 03 LIMA 02017 072308Z

WAS NOT "SOLD OUT" AND THAT IT WAS ALWAYS READY TO DEFEND THE INTERESTS OF THE WORKING CLASS. HOWEVER, THE IDEOLOGICAL DIFFERENCES BETWEEN THE MOSCOW-LINE COMMUNISTS AND THE ULTRA LEFT CLEARLY WERE NOT REPEAT NOT RESOLVED AND RECRIMINATIONS OVER WHICH GROUP SUPPORTED THE STRIKE MORE EFFECTIVELY WILL CONTINUE.

4. THE STRIKE ALSO PRODUCED CLEAVAGES WITHIN THE GOVERNMENT. PRESIDENT MORALES BERMUDEZ SUCCEEDED IN MAINTAINING A RELATIVELY RESTRAINED AND FLEXIBLE LINE BUT REPORTEDLY WAS AGAIN REJECTED, AT LEAST FOR THE TIME BEING, IN HIS DESIRE TO DECREE A LABOR AMNESTY. THE PRESIDENT'S CONTINUING CONFLICT WITH INTERIOR MINISTER CISNEROS CAME PARTIALLY INTO THE OPEN ON MARCH 4 WHEN IT WAS ANNOUNCED THAT THE LATTER'S BROTHER, LUIS JAIME CISNEROS, HAD "RESIGNED" AS THE DIRECTOR OF LA PRENSA. EDITORIALS IN THAT NEWSPAPER HAD CALLED FOR A "FIRM" GOVERNMENT RESPONSE TO THE STRIKE AND SUGGESTED AN UNFLATTERING DEGREE OF INDECISIVENESS ON THE PART OF THE GOP. RUMORS THAT MINISTERS CISNEROS AND IBANEZ O'BRIEN WILL SOON BE REPLACED ARE AGAIN RIFE. WE DO UNDERSTAND THAT ARMY CHIEF OF STAFF RICHTER PRADA SUPPORTED THE PRESIDENT'S LOW-KEY APPROACH AND THE DECISION TO LEAVE PUBLIC ORDER TO THE CIVIL GUARD AND THE POLICE, WITH THE ARMED FORCES STAYING

IN THEIR BARRACKS.

5. THE UNDERLYING PROBLEMS OF GENERAL SOCIAL DISCONTENT CAUSED BY ECONOMIC HARDSHIP AND THE PARTICULAR ISSUE OF MORE THAN 2,000 FIRED WORKERS REMAIN. (EARLIER FIGURES OF 3,000 TO 5,000 APPEAR TO HAVE BEEN INFLATED.) THE CHURCH IN PERU REPORTEDLY IS QUITE DISTURBED OVER BOTH SITUATIONS BUT PARTICULARLY ABOUT THE PLIGHT OF THE FIRED WORKERS, SOME OF WHOM ARE ON HUNGER STRIKES (REFTEL 1610). CHURCH OFFICIALS REPORTEDLY HAVE MET PRIVATELY WITH MORALES BERMUDEZ TO PLEAD THE CAUSE OF THESE WORKERS.

6. THE GOP-CREATED LABOR CONFEDERATION, CTRP, HAS PROPOSED SETTING UP A TRIPARTITE COMMISSION TO REVIEW CASES OF THE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LIMA 02017 072308Z

FIRED WORKERS RAPIDLY AND RETURN THOSE WORKERS FIRED UNJUSTLY AFTER THE JULY STRIKE. THE APRA-RELATED CTP PLAN TO CREATE AN UNEMPLOYMENT OR DISABILITY INSURANCE FUND TO HELP FIRED WORKERS HAS ALSO BEEN PRESENTED TO THE GOVERNMENT (PARA 3, LIMA 166). A COMBINATION OF THESE TWO PLANS, COUPLED WITH SOME CHURCH SUPPORT, MIGHT PRODUCE A REASONABLY SATISFACTORY SOLUTION TO THE LABOR AMNESTY QUESTION PROVIDED ANOTHER LEFTIST STRIKE EFFORT IS NOT MOUNTED SOON.

7. THE GOP OF COURSE HAS ONLY A LIMITED CAPACITY TO RESPOND TO COMPLAINTS ABOUT RISING PRICES AND DECLINING REAL WAGES. IT ALSO IS OBLIGED TO COMPLY WITH ITS UNDERTAKINGS TOWARD THE IMF TO REDUCE PUBLIC SPENDING. HOWEVER, THE ABSENCE OF WHOLE-HEARTED SUPPORT FOR THE STRIKE SUGGESTS THAT RECOGNITION OF THE GOP'S CRITICAL FINANCIAL SITUATION EXISTS AMONG SOME UNIONISTS AND LOWER INCOME GROUPS. AN INTENSIFIED PROPAGANDA EFFORT BEFORE THE STRIKE, CULMINATING IN PRESIDENT MORALES BERMUDEZ FEB 26 SPEECH, APPARENTLY HAD SOME SUCCESS IN PERSUADING PERUVIANS THAT THE COUNTRY'S ECONOMIC PROBLEMS COULD NOT BE SOLVED BY LABOR DISORDER. ADDITIONALLY, THE CURRENT HARD TIMES HAVE CAUSED WORKER CONCERN OVER JOB SECURITY. NONETHELESS, AS THE PROSPECTS FOR RAPID ECONOMIC RELIEF REMAIN NIL, DISCONTENT WILL NOT REPEAT NOT DISAPPEAR.

8. THE FEB 27-28 STRIKE CAUSED SOME DISRUPTION BUT NOT ENOUGH TO PRESSURE THE GOP INTO ALTERING ITS POLICIES IN FAVOR OF LEFTIST DEMANDS. NOR DID THE RELATIVE MODERATION OF BOTH THE GOP AND THE PROTESTERS SUPPORT THE CONTENTION OF RIGHTISTS PRIOR TO THE STRIKE THAT THE COUNTRY FACED ANARCHY IF THE STRIKE WERE NOT REPRESSED HARSHLY. THE EMBASSY THEREFORE CONCLUDES THAT MORALES BERMUDEZ' POSITION HAS BEEN STRENGTHENED BY THE PAST WEEK'S EVENTS WHILE THE LEFT HAS BEEN WEAKENED BY THE RELATIVELY POOR SHOWING OF ITS GENERAL STRIKE EFFORT.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 05 LIMA 02017 072308Z

SHLAUDEMAM

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, LABOR STRIKES, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978LIMA02017  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780103-0503  
**Format:** TEL  
**From:** LIMA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780398/aaaadfjhj.tel  
**Line Count:** 176  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 7cce32cc-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 LIMA 1830, 78 LIMA 1803, 78 LIMA 1756, 78 LIMA 1669  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 20 jul 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3419347  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AFTERMATH OF FEB 27-28 STRIKE  
**TAGS:** PINT, ELAB, PE  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/7cce32cc-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014